

To the Independent Shareholders

29 November 2023

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER FOR SHARES BY
HEAD & SHOULDERS SECURITIES LIMITED
FOR AND ON BEHALF OF YUAN FENG VENTURES LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES
OF YIELD GO HOLDINGS LTD.
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY YUAN FENG VENTURES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

Pursuant to a sale and purchase agreement dated 29 April 2022 entered into among Master Success as purchaser, the Vendor as vendor, Mr. Chen Yidong and Mr. Lin Zheng as purchaser's guarantors and Mr. Man Hoi Yuen as the vendor's guarantor, the Vendor agreed to sell 360,000,000 Sale Shares to Master Success at a total consideration of HK\$247,500,000. On completion, HK\$96,000,000 of the total consideration had been paid in cash and Master Success and Mr. Lin Zheng as joint issuers issued the Promissory Note in the principal amount of HK\$151,500,000 with interest of 8% per annum in favour of the Vendor, being the balance of the total consideration for the Sale Shares.

The Promissory Note is secured by the Share Charge executed by Master Success as chargor in favour of the Vendor as chargee over the Sale Shares. Under the Promissory Note, Master Success is required to pay the aggregate principal and interest amount of HK\$163,620,000 by way of a total of twelve instalments payment (including eleven monthly instalments payment in the amount of HK\$1,010,000 each and the final instalment payment in the amount of HK\$152,510,000) and the final instalment payment in the amount of HK\$152,510,000 was due on 28 April 2023.

Master Success and Mr. Lin Zheng as joint issuer of the Promissory Note had since 31 August 2022 (the 4th instalment payment) failed to make payment of the debt within the time limits stipulated in the Promissory Note and it constitutes an event of default under the Promissory Note. Despite several demands and notices have been given by the Vendor through its solicitors to Master Success and Mr. Lin Zheng requesting for immediate repayment of all the outstanding principal amount and interest accrued under the Promissory Note and a final notice issued by the Vendor through its solicitors on 28 August 2023 informing them that due to the breach of their payment obligations under the Promissory Note, the Vendor would enforce the Share Charge and dispose of the Sale Shares to a potential buyer, Master Success and Mr. Lin Zheng have failed to respond or make payment of the outstanding principal amount and interest accrued under the Promissory Note. In accordance with the provision of the Share Charge, the Share Charge becomes immediately enforceable and the Vendor is entitled to exercise the power of sale to dispose of the Sale Shares to purchaser identified by the Vendor without further notice to Master Success and Mr. Lin Zheng. As at the Latest Practicable Date, Master Success and Mr. Lin Zheng had repaid HK\$3,030,000 to the Vendor and there were outstanding principal of HK\$151,500,000 and interests of HK\$14,759,032.25, respectively, pursuant to the Promissory Note.

The Board was informed that before trading hours on 22 September 2023, the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor, as chargee under the Share Charge and by way of exercising its power of sale under the Share Charge, has agreed to sell, and the Offeror has agreed to purchase, 360,000,000 Sale Shares, representing 75.0% of the total issued share capital of the Company as at the date of the Joint Announcement, for an aggregate consideration of HK\$165,700,000, equivalent to approximately HK\$0.4603 per Sale Share, which was satisfied by the Offeror in full by the Offeror's own financial resources and a loan facility in the amount of HK\$70,000,000 granted by Ultra Accord Limited. The said loan matures on the date falling six months after the date of the loan agreement entered into between the Offeror and Ultra Accord Limited dated 22 September 2023 and the interest rate on the said loan was 30% per annum. On 3 October 2023, the Vendor through its solicitors issued a letter to Master Success informing about its exercise of the power of sale under the Share Charge and the sale of 360,000,000 Sale Shares to the Offeror. The Vendor confirms that up to the Latest Practicable Date, it has not received any objection from Master Success, Mr. Chen Yidong or Mr. Lin Zheng in respect of the Vendor's exercise of the power of sale under the Share Charge.

This letter forms part of this Composite Document and sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the intention of the Offeror regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from the Independent Financial Adviser" to the Independent Board Committee as contained in this Composite Document.

THE OFFER

Principal terms of the Offer

Head & Shoulders Securities is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.4603 in cash

The Offer Price of HK\$0.4603 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement, which was arrived at after arm's length negotiations between the Offeror and the Vendor.

The Offer is unconditional in all respects. The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, 480,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Offer price

The Offer Price of HK\$0.4603 per Offer Share represents:

- (i) a discount of approximately 76.87% to the closing price of HK\$1.99 per Share as quoted on the Stock Exchange on 21 September 2023, being the Last Trading Day;
- (ii) a discount of approximately 75.98% to the average closing price of approximately HK\$1.916 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 70.66% to the average closing price of approximately HK\$1.569 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 60.18% to the average closing price of approximately HK\$1.156 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

- (v) a premium of approximately 95.29% over the net asset value per Share of approximately HK\$0.2357, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 March 2023 of approximately HK\$113.2 million, divided by the number of issued Shares as at the Latest Practicable Date;
- (vi) a premium of approximately 95.79% over the net asset value per Share of approximately HK\$0.2351, calculated based on the Group's unaudited consolidated net asset value attributable to the Shareholders as at 30 September 2023 of approximately HK\$112.8 million, divided by the number of issued Shares as at the Latest Practicable Date; and
- (vii) a discount of approximately 86.01% to the closing price of HK\$3.29 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$3.45 per Share on 30 October 2023.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.73 per Share on 21 June 2023.

Total value of the Offer

As at the Latest Practicable Date, there are 480,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer and on the basis of the Offer Price at HK\$0.4603 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$220.9 million. The Offer is made to the Independent Shareholders.

Excluding the 360,000,000 Shares held by the Offeror and parties acting in concert with it, the number of Shares subject to the Offer is 120,000,000 Shares. Based on the Offer Price of HK\$0.4603 per Offer Share, the total consideration of the Offer would be approximately HK\$55,236,000, which will be the maximum amount payable by the Offeror under the Offer in the event that the Offer is accepted in full.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and interests attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company does not have any dividend or distribution recommended, declared or made but unpaid and the Company does not intend to declare any dividend or make other distribution prior to the close of the Offer.

Financial resources available for the Offer

Completion took place on 22 September 2023 and the consideration has been paid by the Offeror to the Vendor in accordance with the Sale and Purchase Agreement. The consideration was satisfied by the Offeror in full by the Offeror's own financial resources and a loan facility in the amount of HK\$70,000,000 granted by Ultra Accord Limited.

Ultra Accord Limited, being a party acting in concert with the Offeror, is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of laws of Hong Kong) and is wholly and beneficially owned by Ms. Chu Chui Ling, a third party independent of, and not connected with the Offeror or any of its connected persons, who is a Hong Kong citizen and an investor with investments mainly in listed securities and properties in Hong Kong and with experience in the money lending sector in Hong Kong.

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer is HK\$55,236,000, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to satisfy the consideration payable under the Offer by the HS Loan Facility by Head & Shoulders Securities. Rainbow Capital, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

The Offeror has entered into the HS Loan Agreement with Head & Shoulders Securities, pursuant to which Head & Shoulders Securities agreed to grant to the Offeror the Loan Facility of an aggregate amount of HK\$56 million for the purpose of financing part of the Offer. The HS Loan Facility is secured by the Offer Shares to be acquired under the Offer and guaranteed by Ms. Huang Hou in favour of Head & Shoulders Securities.

Head & Shoulders Securities is a party acting in concert with the Offeror under class (9) of the definition of acting in concert under the Takeovers Code. Save as the HS Loan Agreement and the engagement as the offering agent for the Offer, the Offeror confirms that it has no relationship with Head & Shoulders Securities. Head & Shoulders Securities is not a Shareholder as at the Latest Practicable Date.

The Offeror does not intend that the payment of fee and interest on or repayment of the loan facility under the HS Loan Agreement will depend to any significant extent on the business of the Group.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders shall sell their Shares to the Offeror free from all Encumbrance and third party rights and together with all rights attached to them including the right to all dividends and distributions which may be declared, paid or made on or after the date on which the Offer is made, being the date of despatch of this Composite Document. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as contained in this Composite Document.

Payment

Settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days from the date of receipt of duly completed and valid acceptances in respect of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Head & Shoulders Securities, Rainbow Capital, the Independent Financial Adviser and (as the case may be) their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make the Offer available to all Independent Shareholders, including those who are not resident in Hong Kong. The making and the implementation of the Offer to Independent Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which such Independent Shareholders are located. Such Independent Shareholders should observe any applicable requirements and restrictions in their own jurisdictions, and where necessary, seek independent legal advice in respect of the Offer. It is the responsibility of such Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer to satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes payable by such Independent Shareholders in such jurisdiction).

Any acceptance of the Offer by such overseas Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The overseas Independent Shareholders should consult their professional advisers if in doubt. There are no overseas Independent Shareholders identified as at the Latest Practicable Date.

INFORMATION ON THE GROUP

Your attention is also drawn to the information on the Group set out in the section headed “Information of the Group” in the “Letter from the Board” and Appendices II and IV as contained in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong with limited liability on 27 June 2023. As at the Latest Practicable Date, save for holding the Sale Shares, the Offeror did not engage in any other business activities or hold any other asset.

The Offeror, its ultimate beneficial owner, and parties acting in concert with any of them are third parties independent of, and not connected with, either the Company or any of its connected persons.

The Offeror is wholly and beneficially owned by Ms. Huang Hou. Ms. Huang Hou, aged 39, graduated from Guangdong Business College (now Guangdong University of Finance and Economics) with a bachelor's degree in business administration. She is currently pursuing a Master of Global Management (MGM) degree at ESC Clermont Graduate School of Management.

Ms. Huang Hou is a professional investor and has experience in investing in securities listed on the Stock Exchange. She is currently, through 中港通國際控股集團有限公司 (for transliteration purpose only, China Connect International Holding Group Company Limited), a corporation controlled by her, interested in approximately 24.4% of the issued share capital of China Bozza Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1069). Ms. Huang Hou is solely a Shareholder and will not take up any management role in the Group and the management of the business and operation of the Group will rest with the Board and the senior management of the Group. She is the sole director and sole shareholder of the Offeror.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the close of the Offer, the Offeror intends that the Group will continue the existing principal business of the Group engaging in fitting-out services and supply of fitting-out materials and will maintain the listing status of the Company. The Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror and the Company entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, or disposal of or downsizing the Group's existing business.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to redeploy any fixed assets of the Group (other than in the ordinary and usual course of business of the Group) or to discontinue the employment of the employees of the Group (except as set forth in the section headed "Proposed change of Board composition" below) as at the Latest Practicable Date.

Proposed change of Board composition

As at the Latest Practicable Date, the Board is comprised of six executive Directors, two non-executive Directors and four independent non-executive Directors.

It is intended that all of the executive Directors, non-executive Directors and independent non-executive Directors will resign with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate (i) Mr. Liang Wenzhi, Mr. Han Dongguang and Mr. Kang Ruipeng as executive Directors; and (ii) Mr. He Jian Yu, Mr. Zhou Di, Ms. Meng Xiaoying and Mr. Cheng Pak Lam as independent non-executive Directors. Mr. Kang Ruipeng will also be nominated as one of the authorised representatives of the Company. Considering (i) the Group is principally engaged in fitting-out services and supply of fitting-out materials, the business model of which is simple and straight forward and the management of which does not require any intensive knowledge or expertise; (ii) Mr. Ho Chi Hong, an existing executive Director, will not hold other position in the Company other than being retained as a regular employee of the Group, and to undertake director position of Hoi Sing Decoration Engineering Company Limited, a principal operating subsidiary of the Company, the revenue of which accounted for approximately 92.7% and 97.8% of the Group's revenue for the years ended 31 March 2022 and 2023, respectively, and he possesses 25 years of experience in the construction industry; (iii) Mr. Kang Ruipeng possesses 5 years of relevant experience in the property construction and development industry; and (iv) the other directors to be newly appointed have extensive experience in business management, the directors to be appointed are capable of overseeing and managing the business of the Group with the assistance of Mr. Ho Chi Hong and the other existing employees under the fitting-out business of the Group, and the proposed change of Board composition will not cause any material adverse impact on the business operation of the Group.

Pursuant to the loan agreement in relation to the loan facilities granted by Ultra Accord Limited to the Offeror, the Offeror agreed to procure the appointment of a person nominated by Ultra Accord Limited as a Director with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable regulations and for so long as any part of the loan facilities or interest thereon or any other amounts payable under the loan agreement or its security documents or any of them remain outstanding. Ultra Accord Limited intends to nominate Mr. Zhou Danqing as a non-executive Director. The appointment of the above new executive Directors, non-executive Director and independent non-executive Directors will take effect after the posting of this Composite Document and further announcement will be made by the Company for the appointment of the new Directors.

Set out below are the biographies of the proposed Directors:

Proposed executive Directors

Mr. Liang Wenzhi (梁文志) (“**Mr. Liang**”), aged 40, has over five years of experience in the cultural and travel industry and over ten years of experience in the management consulting industry. Mr. Liang has since September 2021 been the president of Shenzhen Yuanfeng Cultural and Travel Industry Development Company Limited (深圳圓豐文化旅遊產業發展有限公司), a company principally engaged in development, planning and design, preparation and management of cultural tourism-related projects and investment in cultural tourism, and the president of Shenzhen Yuanfeng Enterprise Management Company Limited (深圳元豐企業管理有限公司), a company principally engaged in corporate management consulting, business information consulting and marketing planning. Mr. Liang has since February 2023 been the non-executive director of China Investment Fund Company Limited, a company listed on the Stock Exchange (stock code: 612.HK). Mr. Liang obtained a bachelor’s degree majoring in foreign languages in June 2006 from the Wuhan Institute of Technology in Hubei Province, the PRC.

Mr. Han Dongguang (韓東廣) (“**Mr. Han**”), aged 39, has over 13 years of experience in the asset management and financial services. Mr. Han has since February 2023 been the chief risk officer and chief private banker of Shenghe Family Enterprise Management Co., Ltd. (深圳晟禾家族企業管理有限公司), a company principally engaged in the management of family assets. Prior to that, Mr. Han was the chief risk officer of Xi’an Youfa Investment Management Co., Ltd. (西安友發投資管理有限公司), a company principally engaged in the management of investment, assets, equities and funds, from July 2020 to February 2023. Mr. Han obtained a bachelor’s degree majoring in finance in July 2007 from the Harbin University of Commerce in Heilongjiang Province, the PRC. Mr. Han has been a fellow member of the Association of International Accountants (FAIA) since April 2023, an International Certified Public Accountant (ICPA) since January 2023, a member of The Forensic CPA Society (FCPAS) since July 2023, and a member of the Chartered Valuation Analyst (CVA) Institute since January 2020.

Mr. Kang Ruipeng (康睿鵬) (“**Mr. Kang**”), aged 42, has over 5 years of experience in property construction and development and over 13 years of experience in corporate social relations, top-level design of corporate development strategic planning, and corporate investment and financing. Mr. Kang has since 2018 been the president of Zhongxu Guanhong Holding Group Co., Ltd. (中旭冠閎控股集團有限公司), a conglomerate that focuses on the innovation and transformation of traditional enterprises and integrates industrial revitalization and capital operation. Mr. Kang obtained a diploma in traffic operation management from Hebei Transportation Vocational and Technical College in Hebei Province, the PRC, in 2004.

Proposed non-executive Director

Mr. Zhou Danqing (周丹青) (“**Mr. Zhou DQ**”), aged 36, has over 13 years of experience in corporate finance. He has since 2020 been a manager of Ultra Accord Limited, a company principally engaged in money lending business in Hong Kong. Mr. Zhou DQ obtained a bachelor’s degree in business administration from the Chinese University of Hong Kong. He is a Chartered Financial Analyst, a Financial Risk Manager charter-holder, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and a member of the Association of Chartered Certified Accountants.

Mr. Zhou DQ is nominated by Ultra Accord Limited pursuant to the loan agreement in relation to the loan facilities granted by Ultra Accord Limited to the Offeror, wherein the Offeror agreed to procure the appointment of a person nominated by Ultra Accord Limited as a Director with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable regulations and for so long as any part of the loan facilities or interest thereon or any other amounts payable under the loan agreement or its security documents or any of them remain outstanding.

Proposed independent non-executive Directors

Mr. He Jian Yu (何建宇) (“**Mr. He**”), aged 40, has years of experience in investment in the jewellery industry. Mr. He has since 2020 been the general manager of Shenzhen Kaicheng Jewelry and Gold Industry Co., Ltd. (深圳市凱程珠寶金業有限公司), a company principally in the trading of jewellery, gold and precious metal.

Mr. Zhou Di (周地) (“**Mr. Zhou Di**”), aged 59, has over 14 years of experience in the cultural and travel industry and over five years of experience in marketing operation. Mr. Zhou Di has since January 2021 been the general manager of Longxing New Cultural Tourism Development (Shenzhen) Co., Ltd. (龍行新文旅發展(深圳)有限公司), a company principally engaged in tourism resource development, marketing, sales and development of tourism supplies, cultural tourism, and investment in projects under the sports, tourism and catering industries. Mr. Zhou Di obtained a bachelor’s degree majoring in finance in July 1984 from GuiZhou University of Finance and Economics in Guizhou Province, the PRC.

Ms. Meng Xiaoying (孟小楹) (“**Ms. Meng**”), aged 41, has over seven years of experience in the cultural and travel industry and over ten years of experience in marketing. Ms. Meng has since August 2021 been the general manager of Yingyun Cultural (Shenzhen) Co., Ltd. (楹運文創(深圳)有限公司), a company principally engaged in literary and artistic creation, event planning, education consulting, and cultural and artistic exchange events. Ms. Meng has also been the general manager of Shenzhen Yingyun Health Management Co., Ltd. (深圳楹運健康管理有限公司), a company principally engaged in health consulting services, health care services, and the sales of health food. Ms. Meng obtained a bachelor’s degree majoring in marketing in July 2017 from China University of Geosciences in Hubei Province, the PRC.

Mr. Cheng Pak Lam (鄭柏林) (“**Mr. Cheng**”), aged 34, has ten years of experience in audit and finance. Mr. Cheng has since April 2022 been the chief financial officer of Max Team Engineering Limited, a company principally engaged in maritime construction and vessel chartering services in Hong Kong. Mr. Cheng obtained a bachelor’s degree majoring in accounting in 2012 from Flinders University, Adelaide, Australia. Mr. Cheng is a fellow member and practising member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia.

The Company will enter into a service agreement with each of Mr. Liang, Mr. Han, Mr. Kang and Mr. Zhou DQ, respectively, with a term of three years from the date of appointment, subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. During their terms of service, Mr. Liang, Mr. Han, Mr. Kang and Mr. Zhou DQ will be entitled to a monthly remuneration of HK\$10,000, HK\$10,000, HK\$10,000 and HK\$25,000 respectively for his service as an executive Director or non-executive Director, as the case may be. Such remuneration has been determined with reference to their duties and responsibilities with the Company, the Company’s remuneration policy and the prevailing market conditions.

The Company will enter into an appointment letter with each of Mr. He, Mr. Zhou Di, Ms. Meng and Mr. Cheng with a term of three years from the date of appointment, subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. Each of Mr. He, Mr. Zhou Di, Ms. Meng and Mr. Cheng will be entitled to a fee of HK\$10,000 per month. Such emolument has been determined with reference to their duties and responsibilities with the Company, the Company’s remuneration policy and the prevailing market conditions.

Each of Mr. Liang, Mr. Han, Mr. Kang, Mr. Zhou DQ, Mr. He, Mr. Zhou Di, Ms. Meng and Mr. Cheng has confirmed that, save as disclosed in this Composite Document, as at the Latest Practicable Date, he or she did not (i) hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) have any relationship with any director, senior management or substantial or controlling shareholders of the Company; (iii) hold any position in the Company or other members of the Group; and (iv) have nor deemed to have any interest in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)).

Save as disclosed in this Composite Document, there is no other information relating to the appointment of Mr. Liang, Mr. Han, Mr. Kang, Mr. Zhou DQ, Mr. He, Mr. Zhou Di, Ms. Meng and Mr. Cheng that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Each of Mr. He, Mr. Zhou Di, Ms. Meng and Mr. Cheng has confirmed that he or she meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate. Save as aforesaid, the Offeror have no intention to introduce any significant changes to the management of the Company following the close of the Offer.

Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. Therefore, upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror and the new Directors to be appointed by the Offeror to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, i.e. at least 25% of the entire issued share capital of the Company will be held by the public at all times following the close of the Offer.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise of any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with the Offeror, the Company, the Vendor, Head & Shoulders Securities, Rainbow Capital, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. Your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully
for and on behalf of
Head & Shoulders Securities Limited



Wilson Chan
Director